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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

HUGO SLUIMER,

Plaintiff,

v.

VERITY, INC., a corporation, and THE VERITY
INC. CHANGE IN CONTROL AND
SEVERANCE BENEFIT PLAN,

Defendants.

E-FILING

CASE NO. C 08 1220 SI

**DECLARATION OF KEITH
EHRMAN IN SUPPORT OF
PLAINTIFF'S OPPOSITION TO
DEFENDANT'S MOTION FOR
SUMMARY JUDGMENT**

Date: July 18, 2008

Time: 9:00 a.m.

Ctrm: 10, 19th Floor

The Honorable Susan Illston

I, Keith Ehrman, declare as follows:

1. I am an attorney duly licensed to practice in the State of California. I am one of the attorneys for Plaintiff Hugo Sluimer in this action. I have personal knowledge of the facts set forth below and could competently testify to those facts if called upon to do so.

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EXHIBIT A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

--oOo--

HUGO SLUIMER,)	
)	
Plaintiff,)	
)	
vs.)	Case No. C 081220 SI
)	
VERITY, INC., a corporation,)	
and THE VERITY INC. CHANGE IN)	
CONTROL AND SEVERANCE BENEFIT)	
PLAN,)	
)	
Defendants.)	
_____)	

DEPOSITION OF
JOHN (JACK) E. LANDERS, JR.

Monday, June 23, 2008

Volume

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REPORTED BY: ANA M. DUB, RMR, CRR, CSR 7445 (01-410560)

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A P P E A R A N C E S

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--oOo--

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

--oOo--

HUGO SLUIMER,

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CONTROL AND SEVERANCE BENEFIT
PLAN,

Defendants.

Case No. C 081220 SI

--oOo--

BE IT REMEMBERED that, pursuant to Subpoena,
and on Monday, June 23, 2008, commencing at 9:54 a.m.
thereof, at the Law Offices of McGuinn, Hillsman &
Palefsky, 535 Pacific Avenue, San Francisco, California,
before me, Ana M. Dub, a Certified Shorthand Reporter,
Registered Merit Reporter, and Certified Realtime
Reporter, personally appeared

JOHN (JACK) E. LANDERS, JR.

called as a witness by the Plaintiff Hugo Sluimer, who,
having been first duly sworn, was examined and testified
as follows:

--oOo--

1 EXAMINATION BY MR. EHRMAN

2 MR. EHRMAN: Q. Would you state your name and
3 spell it for the reporter, please.

4 A. Yes. It's John E. Landers, Jr. That's
5 spelled J-o-h-n; middle initial E.; Landers,
6 L-a-n-d-e-r-s; Jr., J-r.

7 Q. Are you sometimes referred to as Jack?

8 A. I am, yes.

9 Q. Have you had your deposition taken before?

10 A. Yes.

11 Q. How many times?

12 A. Twice.

13 Q. Twice. Okay. Well, you're probably familiar
14 with the basics, but let me go over them anyway.

15 You're not represented by counsel today, are
16 you?

17 A. No.

18 Q. The court reporter here is taking down
19 everything that is being said in the room. And after
20 you are finished today, the reporter will type it up
21 into a little transcript booklet, as you've seen before
22 in your other depositions, and you'll have a chance to review
23 it. But obviously, the oath you took you understand is
24 the same oath you would take in a court of law?

25 A. Yes.

1 Q. And so it's important that we get your best,
2 most accurate testimony here today, to the extent you
3 can.

4 Please answer audibly with "yeses" and "noes,"
5 rather than "uh-huhs" or "uh-uhs" or nods or shrugs,
6 because those are hard for the court reporter to
7 interpret.

8 And it's also important that you try to let me
9 finish my question completely before you start
10 answering. And by the same token, I'll try not to
11 interrupt you and let you finish your answer completely
12 before I ask another question. And it's for the same
13 reasons. It's difficult to have a clear record if you
14 have partial questions. So even if it's transparent
15 where I'm going, if you could wait till I'm done, that
16 would be great.

17 This is not a memory test. If you don't know
18 the answer to something, let us know that and tell us
19 you don't know or you don't recall. We're simply trying
20 to get your best recollection here today.

21 If you have an estimate of something, you
22 should give us your best estimate. If you have an
23 approximate time frame or an approximate date or
24 approximate month that you do recall, then you should
25 let us know that. If you simply have no idea and just

1 have no recollection of something, then just let us
2 know. And please don't guess. If you just don't know,
3 please don't guess, don't speculate. No one wants you
4 to be doing that.

5 This is not a torture session. If you need to
6 get up and take a break, go to the bathroom or get some
7 more coffee or anything, let us know. This is actually
8 going to be, I think, extremely short. So I'm not sure
9 we're going to have to do any breaks, but if you at any
10 time feel like you need one, let me know that.

11 You're not represented by counsel, so it may
12 be a little confusing at times because there may be
13 objections by the lawyers. When I ask a question or
14 Mr. Doll asks a question, somebody else may object for
15 the record. You should just try to focus, if you can,
16 on the question.

17 I don't think there's going to be any
18 questions asked here which are going to involve some
19 kind of privilege that would require you to not answer
20 something, but the lawyers can discuss that.

21 But to the best you can, try to just focus on
22 the question. The objections are made so that at some
23 point in the future a judge may look at the questions
24 and answers here and decide that question was not
25 proper; it shouldn't have been asked. You don't really

1 have to worry too much about that here today.

2 And other than that, if anything I ask is not
3 clear, if it's vague or you just don't understand either
4 a time frame or what I'm asking, please let me know and
5 I'll try to clarify it for you.

6 A. May I ask a clarifying --

7 Q. Absolutely.

8 A. -- question now?

9 Q. Absolutely.

10 A. When an objection is raised --

11 Q. Yes.

12 A. -- should I wait for the objection to be
13 discussed before I respond?

14 Q. You can play it by ear. If there's an
15 objection, I think that somebody will probably tell
16 you -- either there may be some discussion, or it may
17 just be there'll be an objection for the record and
18 then --

19 A. Okay.

20 Q. -- we'll tell you to go ahead and answer.

21 MR. DOLL: Can we have a thirty-second
22 sidebar?

23 MR. EHRMAN: Absolutely.

24 MR. DOLL: The only potential objection I
25 see --

1 MR. EHRMAN: Yes.

2 MR. DOLL: -- on the privilege ground is that
3 Andy Kanter was the general counsel of the company
4 before he became plan administrator. So if we get into
5 that area, I may assert an objection. Rather than
6 slowing up your deposition, if you want to discuss that
7 briefly now, how you want to handle it.

8 MR. EHRMAN: That, I do understand. I
9 appreciate that.

10 If something comes up that you think was a
11 communication in the context of attorney-client issues
12 as opposed to -- because I know that he had other --

13 MR. DOLL: Sure.

14 MR. EHRMAN: -- roles at the company as
15 secretary and COO and so on and head of whatever. So if
16 you think that there's an issue that really was a
17 communication in his role as counsel or giving advice as
18 legal counsel, then obviously you should raise that and
19 we can talk about it.

20 MR. DOLL: All right. Sounds good.

21 MR. EHRMAN: Okay. Let me show you or ask the
22 reporter to mark as Exhibit 1 a subpoena.

23 (Whereupon, Deposition Exhibit 1 was marked
24 for identification.)

25 MR. EHRMAN: Q. Have you seen that before?

JOHN (JACK) E. LANDERS, JR. June 23, 2008

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1 A. I have seen this before.

2 Q. Is that the subpoena that was served on you,
3 which is the reason you're here today?

4 A. Yes, it is.

5 Q. Mr. Landers, what is your current job?

6 A. Currently I'm the vice president of human
7 resources for Chordiant Software.

8 Q. Where is that located?

9 A. Cupertino, California.

10 Q. All right. When did you start working -- or
11 approximately when did you start working at Chordiant?

12 A. I started working for Chordiant Software the
13 first week of December 2006.

14 Q. Prior to Chordiant Software, were you employed
15 somewhere else?

16 A. I was.

17 Q. Where was that?

18 A. Thompson Publishing.

19 Q. What was your position at Thompson Publishing?

20 A. I was senior director of human resources for
21 the sales and marketing organization.

22 Q. Do you recall approximately when you began at
23 Thompson Publishing?

24 A. Very late September of 2006.

25 Q. Prior to your employment at Thompson, where

1 were you employed?

2 A. I was employed at Autonomy.

3 Q. Whoops. Excuse me.

4 And did Autonomy acquire at some point another
5 company that you had been working for?

6 A. They did.

7 Q. And what company was that?

8 A. Verity, Inc.

9 Q. When did you begin working at Verity?

10 A. I started working at Verity on April 26th,
11 2004.

12 Q. What was your job title when you began?

13 A. Vice president of human resources.

14 Q. And did you maintain the title of
15 vice president, human resources up through the remainder
16 of your employment there?

17 A. I did.

18 Q. Roughly when did Autonomy acquire Verity, if
19 you recall?

20 A. The transaction was completed just before the
21 end of 2005, late December 2005.

22 Q. All right. And did you continue with the
23 title vice president of human resources even after the
24 acquisition of Verity by Autonomy?

25 A. Yes, I did.

1 Q. Did Verity still continue to exist as an
2 entity after the acquisition?

3 A. Yes.

4 Q. And do you recall roughly when you left your
5 employment with Verity or its successor, Autonomy?

6 A. It was the latter part of September 2006.

7 Q. And were you the vice president of human
8 resources? Was that your title throughout that period
9 of time from the beginning, April of 2004, up until late
10 September 2006?

11 A. Yes, I was.

12 Q. All right. Where were you located? Where
13 were your offices?

14 A. I was located in Sunnyvale, California.

15 MR. EHRMAN: Let me show you -- we'll mark
16 this as 2.

17 (Whereupon, Deposition Exhibit 2 was marked
18 for identification.)

19 MR. EHRMAN: Q. By the way, after the
20 acquisition, did you still have responsibility for human
21 resources at Verity?

22 A. Yes.

23 Q. But your title -- or you assumed greater
24 responsibilities?

25 A. Yes.

1 Q. All right. Take a look, if you would, and
2 look through Exhibit 2. And take as much time as you
3 want. I don't think you need to read every line, but
4 it's HS-001 to 0016.

5 And just when you've had a chance to look
6 through it, let me know if you have seen this document
7 before.

8 A. Yes, I've seen it before.

9 Q. All right. And can you tell me what it is?

10 A. It's the Change In Control And Severance Plan
11 for the executives at Verity.

12 Q. If you look at the very first section, it
13 states that:

14 ". . . the Plan is hereby established
15 effective April 6, 2005."

16 Is that consistent with your recollection that
17 the plan was adopted or put into effect in roughly April
18 of 2005?

19 A. It's consistent with my recollection, yes.

20 Q. And you were the vice president of human
21 resources at Verity at the time?

22 A. Yes.

23 Q. The next sentence says that:

24 "The purpose of the Plan is to
25 provide for the payment of severance

1 benefits to certain eligible
2 employees of Verity, Inc., and its
3 wholly owned subsidiaries in the
4 event that such employees are subject
5 to qualifying employment terminations
6 in connection with a Change in
7 Control."

8 Do you see that?

9 A. Yes.

10 Q. Is that consistent with your understanding of
11 the purpose of this plan?

12 A. It would be consistent with my understanding
13 of the purpose of this plan.

14 Q. All right. Was it your understanding that the
15 acquisition of Verity by Autonomy constituted a change
16 in control, as that term was used in the plan?

17 A. It's my understanding that it did constitute a
18 change in control, as stated in the plan.

19 MR. EHRMAN: If we would, let's mark
20 Exhibit 3.

21 (Whereupon, Deposition Exhibit 3 was marked
22 for identification.)

23 MR. EHRMAN: Q. If you would take a brief
24 look at this document, which is HS-065 to 067.

25 All right. During your employment -- this

1 appears to be a letter dated September 29th of 2006 from
2 Andrew Kanter to Hugo Sluimer. Does this help you -- I
3 take it you were not employed at the time this letter
4 was written. Is that correct?

5 A. That's correct.

6 Q. All right. Does looking at this date help you
7 at all to pin down when you left Verity/Autonomy in
8 September of '06?

9 A. It helps me come to a fairly close
10 approximation of the date.

11 Q. Do you have some approximation of roughly how
12 close in time to September 29th of '06 you left the
13 company?

14 A. Within a week to two weeks prior to that date,
15 I left.

16 Q. If you look at the first -- I'm sorry. If you
17 look at the second sentence of the letter, it says -- or
18 who is Andrew Kanter?

19 A. Who is Andrew Kanter?

20 Q. Who was Andrew Kanter?

21 A. Andrew Kanter, for my purposes, was the chief
22 operating officer for Autonomy and my boss.

23 Q. Okay. After the change of control in late '05
24 where Autonomy acquired Verity, Mr. Kanter became your
25 boss?

1 A. Correct.

2 Q. And did he remain your boss throughout the
3 rest of your employment with Autonomy/Verity?

4 A. He did.

5 Q. And do you know who Hugo Sluimer is?

6 A. I do.

7 Q. Who is Mr. Sluimer?

8 A. Hugo Sluimer was the senior vice president and
9 general manager for Europe, Middle East, and African
10 geography for Verity, Inc.

11 Q. If you look at the second sentence and read
12 the remainder of this paragraph, it says:

13 "Your letter was addressed to the
14 Vice President, Human Resources of
15 Verity, Inc. That position reported
16 to my office, which has global
17 responsibility for group human
18 resources matters. Jack Landers, the
19 previous Vice President, Human
20 Resources of Verity, Inc., has
21 recently left the company, and as
22 such I have assumed his duties as the
23 Plan Administrator within the meaning
24 of the Change in Control and
25 Severance Benefit Plan."

1 Do you see that?

2 A. I do.

3 Q. Is this consistent with your -- was it your
4 understanding that you were the plan administrator of
5 Exhibit 2 during your employment with Verity/Autonomy?

6 A. Yes, it was my understanding.

7 Q. And you were the vice president of human
8 resources at the time the Verity Change In Control And
9 Severance Benefit Plan was adopted in April of '05;
10 correct?

11 A. Correct.

12 Q. And was it your understanding that you were
13 the plan administrator of that plan from the time it was
14 put into effect in April of '05 up through the time your
15 employment with Verity/Autonomy ended in September of
16 '06?

17 A. Yes, it was my understanding that I was the
18 administrator.

19 Q. Let me show you -- if you'd turn to Exhibit 2,
20 if you'd turn to what is HS-010, Section 11 of the plan,
21 in subset (a), 11(a), if you look at the second sentence
22 of that subsection, it says:

23 "The Plan Administrator is Verity,
24 Inc., Attention: Vice President,
25 Human Resources, 894 Ross Drive,

1 Sunnyvale, California 94809."

2 Do you see that?

3 A. I do.

4 Q. All right. Throughout -- from April '05 till
5 late September of '06, you were the vice president of
6 human resources of either Verity or Autonomy; correct?

7 A. Correct.

8 Q. And throughout that time period of your
9 employment, were you also located at 894 Ross Drive,
10 Sunnyvale, California?

11 A. I was.

12 Q. At any time during your employment, from
13 April '05 up until your departure in September of 2006,
14 were you ever informed by a board of directors or by
15 anyone that you had been relieved of your duties as the,
16 quote, plan administrator, closed quote?

17 MR. DOLL: Objection to the extent it may call
18 for attorney-client communications with Mr. Kanter.

19 MR. EHRMAN: Q. You can answer.

20 A. I don't recall being communicated with with
21 regards to relieving me of my duties as plan
22 administrator at any time during that period.

23 Q. At any time from April of '05 up through your
24 departure from the company in September of '06, were
25 you -- or did you delegate your duties as, quote, plan

1 administrator to anyone else?

2 A. No, I did not.

3 Q. At any time from April of '05 through your
4 departure from the company in September of '06, did any
5 board of directors or any other person tell you that
6 someone else had been appointed as the, quote, plan
7 administrator, closed quote, of the plan?

8 MR. DOLL: Same objection to the extent it
9 calls for attorney-client communications.

10 MR. EHRMAN: Q. You can answer.

11 A. No, I was never told that.

12 Q. At some point in 2006, did you -- well, you
13 said Mr. -- I'm sorry. You said Mr. Kanter became your
14 boss as of December of '05 roughly.

15 A. As of the beginning of the acquisition, yes.

16 Q. Okay. At some point in 2006, did you come to
17 an understanding that there was some either dispute or
18 potential dispute with Hugo Sluimer, between Mr. Sluimer
19 potentially and the company?

20 MR. DOLL: Same objection.

21 THE WITNESS: I did.

22 MR. EHRMAN: Q. All right. And did
23 Mr. Kanter give you any sort of instructions with
24 respect to how you should handle that dispute?

25 MR. DOLL: Objection; attorney-client

1 communication and instruct him not to answer.

2 MR. EHRMAN: So you instructed him not to
3 answer that question?

4 MR. DOLL: Instructed not to answer -- are you
5 asking about how to handle the -- you're talking about
6 the dispute that exists between the company and Mr. --

7 MR. EHRMAN: Yes.

8 MR. DOLL: -- Sluimer?

9 All right. That would be an attorney-client
10 communication.

11 MR. EHRMAN: Okay. All right. Let me show
12 you -- yeah, let me show you what's been marked as --
13 we'll mark this as -- I'm sorry. Is this 4?

14 (Whereupon, Deposition Exhibit 4 was marked
15 for identification.)

16 MR. EHRMAN: Greg?

17 MR. DOLL: I'm ready. Go on. I'm sorry. I
18 apologize.

19 MR. EHRMAN: I just want to clarify with you.
20 You're not asserting attorney-client privilege as to
21 this document, I assume.

22 MR. DOLL: No.

23 MR. EHRMAN: Okay.

24 MR. DOLL: This document is already in his
25 hands.

1 MR. EHRMAN: Right, in the record.

2 MR. DOLL: Thank you, though.

3 MR. EHRMAN: No problem.

4 Q. Okay. Take a look, if you would, at -- have
5 you had a chance to look at Exhibit 4?

6 A. Yes, I have.

7 Q. At the top -- I'm sorry. The middle e-mail
8 says from Andrew Kanter to Jack Landers, 8th of January
9 2006. Have you seen that e-mail before?

10 A. I have.

11 Q. Did you receive that in January of 2006?

12 A. Yes.

13 Q. What was your understanding -- what
14 understanding did you take away from this e-mail from
15 Mr. Kanter?

16 A. The understanding I took away was that I was
17 to have no communication with Hugo regarding any
18 conflict that he may have with the company on his
19 employment status.

20 Q. Did you, in fact -- well, did you understand
21 that he wanted you to forward any communications
22 involving Hugo on to him, meaning Mr. Kanter?

23 A. Yes, I did have that understanding.

24 Q. To the best of your ability, did you carry out
25 Mr. Kanter's instructions as your boss?

1 A. To my best recollection, yes.

2 Q. At some point, do you have -- well, at some
3 point in 2006, did you develop from any source any
4 understanding as to what the -- whether there was, in
5 fact, a dispute going on between Mr. Sluimer and the
6 company?

7 A. I did come to understand that there was a
8 dispute.

9 Q. And what did you understand the nature of the
10 dispute was?

11 MR. DOLL: Again, I'd just caution the witness
12 not to reveal any attorney-client communications
13 involving Andy Kanter.

14 THE WITNESS: I simply understood, on a very
15 generic level, that Mr. Sluimer disagreed with the
16 company's position relative to his continued employment.

17 MR. EHRMAN: Q. All right. Did you have any
18 understanding as to whether Mr. Sluimer was claiming
19 that he was entitled to benefits under the Change In
20 Control Plan?

21 MR. DOLL: Same caution.

22 THE WITNESS: Frankly, I never had a
23 conversation with anybody about that level of detail.

24 MR. EHRMAN: Q. So you understood there was
25 some sort of dispute relating to the ending of his

1 employment, but it wasn't clear to you what the nature
2 of it was?

3 A. It was not clear to me.

4 Q. At any time during 2006, did Mr. Kanter or
5 anybody else ever ask for any input or assistance from
6 you in handling or administering the dispute for -- the
7 dispute between Mr. Sluimer and the company?

8 MR. DOLL: Objection; vague as to "dispute."
9 Are you talking -- could you rephrase that?

10 MR. EHRMAN: Sure.

11 Q. Did you understand that Mr. -- I guess I'm
12 trying to understand from your last answer, did you
13 understand that Mr. Sluimer was making some sort of
14 claim or wanted to be paid benefits under the Change In
15 Control Plan?

16 A. I had a general, very high-level understanding
17 that that was what he wanted, yes.

18 Q. Okay. With that understanding, did Mr. Kanter
19 or anybody else during 2006 ever ask you for any input
20 or assistance in making a decision as to whether or not
21 Mr. Sluimer should receive benefits under the plan?

22 MR. DOLL: Caution the witness as to the
23 attorney-client privilege.

24 THE WITNESS: To the best of my recollection,
25 I never had such a conversation.

1 MR. EHRMAN: Q. Okay. To the best of your
2 recollection, did Mr. Kanter or anyone else ever provide
3 you with any documents or provide you with any
4 information about what the issues were in connection
5 with Mr. Sluimer's belief that he should get plan
6 benefits?

7 MR. DOLL: Same caution.

8 THE WITNESS: To the best of my recollection,
9 I was never provided any materials of any sort in that
10 regard.

11 MR. EHRMAN: Q. And I take it you played no
12 involvement -- you had no involvement in assisting with
13 the decision by the company about whether or not
14 Mr. Sluimer should or should not receive benefits under
15 the plan?

16 A. I had no involvement.

17 MR. EHRMAN: All right. Let me show you what
18 we'll mark as Exhibit 5.

19 (Whereupon, Deposition Exhibit 5 was marked
20 for identification.)

21 MR. EHRMAN: Q. Take your time.

22 Let me go back to your last answer, if you
23 would, about not having involvement. Was it also your
24 understanding that Mr. Kanter did not want you to have
25 involvement in the resolution of how Mr. Sluimer's claim

1 or belief that he should be entitled to benefits should
2 be handled?

3 MR. DOLL: Same caution.

4 THE WITNESS: My best recollection is that he
5 did not want me to participate in that process.

6 MR. EHRMAN: Q. Take a look, if you would, at
7 Exhibit 5. And do you have a recollection of receiving
8 this letter at all in 2006?

9 A. I do not have the recollection.

10 MR. EHRMAN: If you look at -- well, we'll
11 give you what we'll mark as Exhibit 6.

12 (Whereupon, Deposition Exhibit 6 was marked
13 for identification.)

14 MR. EHRMAN: Q. And take your time and take a
15 look at this letter, which is dated May 3rd, 2006, from
16 Mr. Kanter to Mr. Sluimer.

17 A. Okay.

18 Q. Have you ever seen this document before?

19 A. To the best of my recollection, I have not
20 seen it before.

21 Q. Did you have any input or assistance in
22 helping with the drafting of this letter or the contents
23 of the letter?

24 A. No.

25 MR. EHRMAN: Mark this as Exhibit 7, please.

1 (Whereupon, Deposition Exhibit 7 was marked
2 for identification.)

3 MR. EHRMAN: Q. Have you had a chance to
4 review this?

5 A. I have.

6 Q. Have you ever seen this document before?

7 A. Best of my recollection, I have not seen it
8 before.

9 Q. As of July 2006, your title was still
10 vice president, human resources; is that true?

11 A. That is true.

12 Q. And your offices were still located at
13 894 Ross Drive in Sunnyvale?

14 A. That is true.

15 Q. Did you have any input or involvement in the
16 drafting of this letter or the contents of the letter?

17 A. Best of my recollection, no.

18 MR. EHRMAN: Mark as Exhibit 8, please.

19 (Whereupon, Deposition Exhibit 8 was marked
20 for identification.)

21 MR. EHRMAN: Q. Have you seen this document
22 before?

23 A. To the best of my recollection, no.

24 Q. Okay. You were the only vice president of
25 human resources who was located at the 894 Ross Drive,

1 Sunnyvale offices; correct?

2 A. Correct.

3 Q. Okay. There's a reference to a court decision
4 in the Netherlands. Did you have any understanding,
5 while you were -- in this time period, in the summer of
6 2006, spring or summer of 2006, were you aware at all
7 that there was a lawsuit going on in the Netherlands
8 between Mr. Sluimer and the company?

9 MR. DOLL: Caution not to reveal any
10 attorney-client communications with Mr. Kanter.

11 THE WITNESS: I was generally aware that there
12 was a legal proceeding going on.

13 MR. EHRMAN: Q. Anybody give you any
14 understanding as to the details of what was being
15 claimed by either Mr. Sluimer or the company in
16 connection with that lawsuit?

17 A. To the best of my recollection, no.

18 Q. And let me go back just, if you would, to
19 Exhibit 3, which is the September 29th, 2006 letter from
20 Mr. Kanter to Mr. Sluimer. There you go.

21 A. Mm-hmm.

22 Q. You had a chance to look at this earlier;
23 correct?

24 A. Yes.

25 Q. All right. I know that you were not employed

1 at the time it was actually sent on September 29th, but
2 I just want to wrap up.

3 Did you have any role in assisting in the
4 drafting of the content of this letter or any
5 involvement in the decision announced here that
6 Mr. Sluimer's request for review of the denial of his
7 plan benefits should be reconsidered?

8 A. I had no such involvement.

9 MR. DOLL: Sorry. Ms. Court Reporter, was the
10 last Exhibit 8 a July 13 letter?

11 (Discussion off the record.)

12 MR. EHRMAN: Couple more questions and then
13 we'll take a break and see if we're done and turn it
14 over to Mr. Doll.

15 Q. Were you aware, while you were employed there,
16 that there had been a job with Neurodynamics offered to
17 Mr. Sluimer in late March of '06?

18 MR. DOLL: You're obviously free to answer
19 this, just to the extent it doesn't invade on the
20 attorney-client communications.

21 THE WITNESS: I was aware that there was an
22 offer made to Mr. Sluimer around that, but I didn't know
23 any of the details or any of the facts about that.

24 MR. EHRMAN: Q. Okay. You didn't know any
25 details of what the job actually involved?

1 A. I did not.

2 Q. Okay. Are job offers made to employees
3 something that normally you as V.P. of HR would be
4 somewhat involved in in the normal course of your
5 duties?

6 A. In the normal course of my duties, yes.

7 Q. Okay. What would your involvement normally be
8 in connection with making job offers to executives?

9 A. In the normal course of my duties, my job --
10 my responsibility would be to determine that the
11 compensation being offered is consistent with what the
12 market says it should be; that the person's benefits,
13 et cetera, that are being afforded to them or offered to
14 them are consistent with the company's benefits plan;
15 that the terms and conditions of that person's
16 employment, depending on the jurisdiction that they're
17 in, are consistent with that jurisdiction; and that the
18 offer itself is composed and put into the correct format
19 that the company has established as the format for that
20 and conveyed to the individual appropriately.

21 Q. Were you asked to have any involvement at all
22 in connection with the job offer made to Mr. Sluimer in
23 the March 2006 time frame?

24 A. I was not.

25 Q. If you'd take a look at Exhibit 4, which is

1 the series of e-mails in January -- well, two of them
2 are in January of '06 -- if you look at the -- do you
3 have that?

4 A. Yes.

5 Q. The top e-mail says from Andrew Kanter to
6 Rachel Haverfield, and it's dated 19th of May 2006. Do
7 you see that?

8 A. Yes.

9 Q. Do you know who Rachel Haverfield is?

10 A. I do.

11 Q. Who is she?

12 A. She was an attorney employed in Cambridge by
13 Autonomy.

14 Q. Do you know if she had -- what her specific
15 responsibilities were with the company?

16 A. I don't know. I wasn't aware of all of her
17 responsibilities.

18 Q. Do you know what her reporting relationship
19 was, if any, with respect to Mr. Kanter?

20 A. I'm not certain what her relationship was, but
21 I believe it was that she reported to him.

22 Q. I want to go back, if I could, to your
23 departure from Verity/Autonomy in late September of '06.

24 We previously, before the depo began, looked
25 at a calendar which showed that -- indicated that

1 September 29th, which was the date of Exhibit 3, that
2 letter that we looked at from Mr. Kanter to Mr. Sluimer,
3 September 29th of '06 was a Friday.

4 If that, in fact, is correct that
5 September 29th of '06 was a Friday, does that help you
6 pin down when you may have had your final day of
7 employment at Verity/Autonomy?

8 A. It helps me approximately pin it down.

9 Q. Okay.

10 A. Yes.

11 Q. And what date do you think would be the
12 approximate date that you believe you left the company?

13 A. It was either the 22nd of September, the
14 previous Friday, or the 15th of September, the Friday
15 before that.

16 Q. Okay. And so you're confident that the
17 earliest you left would have been September the 15th of
18 '06?

19 A. I'm fairly confident that's the case, yes.

20 MR. EHRMAN: Let's take a real quick break,
21 and I think we're about wrapped up.

22 (Recess taken from 10:31 a.m. to 10:35 a.m.)

23 MR. EHRMAN: All right. One little question
24 left.

25 Q. Do you have any understanding as to why you

1 were not involved in the March '06 job offer that was
2 given to Mr. Sluimer?

3 A. No, I have no understanding.

4 MR. EHRMAN: All right. I think that's it for
5 us. Thank you.

6 MR. DOLL: I just have probably five minutes
7 of questions, tops.

8 THE WITNESS: Okay.

9 EXAMINATION BY MR. DOLL

10 MR. DOLL: Q. When did you say you first
11 became plan administrator?

12 A. Basically, my recollection is that the date
13 that's on the plan, April of '06, is the date that I
14 became the administrator.

15 Q. And do you remember how you learned you'd be
16 filling that role?

17 A. My best recollection is that we received the
18 documents and reviewed the documents for the plan from
19 our attorneys, who at that time was Cooley Godward, and
20 that's how I learned about it.

21 Q. Could you just briefly open up Document No. 2,
22 Exhibit 2, and turn to page HS-0004. I'm going to ask
23 you a question about the definition at the top of that
24 page. And it says:

25 "'Plan Administrator' means" --

1 And this is at, looks like, either "L" or "F."
2 I think it's "L."

3 "'Plan Administrator' means the
4 Board or any committee duly
5 authorized by the Board to administer
6 the Plan. The Plan Administrator
7 may, but is not required to be, the
8 Compensation Committee of the Board.
9 The Board may at any time administer
10 the Plan, in whole or in part,
11 notwithstanding that the Board has
12 previously appointed a committee to
13 act as the Plan Administrator."

14 A. Right.

15 Q. Have you, at any time prior to your
16 deposition, read that language, exhibit language?

17 A. Yes, my best of my recollection, I did, yes.

18 Q. Can you tell me whether you had an
19 understanding as to whether the board was authorized,
20 under this particular provision, to administer the plan?

21 MR. EHRMAN: Objection to the extent it calls
22 for a legal conclusion.

23 MR. DOLL: That's fair enough.

24 Q. And I'm just asking for your understanding
25 as --

1 A. Yeah. My best understanding, based on not
2 being an attorney, would be that this language does
3 authorize them to be the plan administrator.

4 Q. And if you could turn to -- I think it's
5 HS-0010, 0010, that is, and if you look at Section 11,
6 which is titled "Claims, Inquiries and Appeals," then it
7 says:

8 "Applications for Benefits and
9 Inquiries. Any application for
10 benefits, inquiries about the Plan or
11 inquiries about present or future
12 rights under the Plan must be
13 submitted to the Plan Administrator
14 in writing by an applicant (or his or
15 her authorized representative). The
16 Plan Administrator is"

17 Then it says:

18 "Verity, Inc., Attention:
19 Vice President, Human Resources."

20 You understood -- is it your understanding
21 that -- well, you understand that Verity, Inc., was a
22 corporation; correct?

23 A. Correct.

24 Q. And have you seen sometimes, in the context of
25 communications with a corporation, that a letter will be

1 written to the corporation but they'll put attention to
2 a certain individual?

3 A. I have.

4 Q. Was it your understanding that at all times
5 the vice president of human resources would always be
6 the plan administrator?

7 MR. EHRMAN: Objection; vague.

8 MR. DOLL: Q. Let me ask you, did you have
9 any understanding, in light of the language we read
10 prior about the board being administrator, whether at
11 all times the board was required to have the
12 vice president of human resources be the plan
13 administrator?

14 MR. EHRMAN: Objection; calls for a legal
15 conclusion.

16 THE WITNESS: Okay. Giving an answer that's
17 non-legal or would be, that my understanding was that I
18 was consistently the communication point on all the
19 matters that are referred to here.

20 MR. DOLL: Q. And at some point in time you
21 began referring communications to Mr. Kanter with
22 respect to this particular participant, Mr. Sluimer?

23 A. Correct.

24 MR. REILLY: Objection; misstates the
25 testimony.

1 MR. DOLL: Q. Is there anything inaccurate
2 about your prior testimony there? I didn't mean to
3 mischaracterize anything.

4 A. Can we go back?

5 Q. Yeah, please.

6 A. Yeah, sorry.

7 Q. At some point in time did Mr. Kanter ask you
8 to forward communications related to Mr. Sluimer
9 directly to him?

10 A. Yes, he did.

11 Q. And was that in -- I think it's Exhibit 4,
12 where it says:

13 "Jack, I sent the message below to
14 Anthony on Friday. Can I ask of you
15 as well that any communication you
16 get from Hugo be forwarded to me."
17 Is that the letter you're referring to?

18 A. Yes.

19 Q. So now, in light of your understanding of
20 this, did you believe, if you had a belief, that at some
21 point in time the board was allowed to authorize someone
22 else to serve as plan administrator --

23 MR. EHRMAN: Objection.

24 MR. DOLL: Q. -- in certain instances?

25 MR. EHRMAN: Objection to the extent it calls

1 for a legal conclusion.

2 THE WITNESS: This is going to sound very
3 vague, but to the best of my recollection, I never
4 thought about that issue.

5 MR. DOLL: Something that lawyers ponder more
6 than the average person. So I apologize.

7 MR. EHRMAN: To their detriment.

8 MR. DOLL: Last area of questions.

9 Q. Did you -- how many occasions did you
10 administer plan benefits, in other words, respond to
11 queries, give benefits out to people?

12 A. The best recollection I have of carrying out
13 my role in any way proximate to this particular
14 designation, plan administrator, was when the actual
15 acquisition occurred and a number of executives were
16 leaving the company under the plan and receiving
17 benefits, that I participated in ensuring that the
18 process of getting the transactions completed for them
19 and the payments made occurred.

20 Q. Okay. So the acquisition takes place on
21 December 29, '05; is that correct?

22 A. Roughly, yes.

23 Q. And were these departing Verity employees pre-
24 or post-acquisition? Were they walking out the door, so
25 to speak?

1 A. My understanding and best recollection is that
2 they were actually leaving coincident with the
3 transaction.

4 Q. So in or about December of '05?

5 A. Yes, correct.

6 Q. Were any of them leaving in January of '06, or
7 was it all back in December of '05? Do you know?

8 A. It was all back in December of '05.

9 Q. Do you recall post-acquisition -- between,
10 let's say, December 29, 2005 and the time that you left
11 in September of '06, do you recall on how many occasions
12 you were asked to administer the plan or were called
13 upon to administer the plan?

14 A. I recall, to the best of my recollection, that
15 I was never asked during that period to act in regards
16 to that.

17 MR. DOLL: Okay. I don't believe I have any
18 additional questions.

19 MR. EHRMAN: I have one clarification, which
20 is -- I think the very first question you asked had to
21 do with when you believed that you first became the plan
22 administrator.

23 Was that your -- Greg, was that your first
24 question on the record?

25 MR. DOLL: I don't recall, but it was

1 something along those lines.

2 MR. EHRMAN: Something like that?

3 Because I think your answer -- I want to
4 clarify because I think the answer you gave was
5 something along the lines of when the plan was adopted
6 in April of '06, which I think -- I want to give you a
7 chance to clarify your testimony is that you probably
8 meant April of '05, which is when the plan went into
9 effect. But I wanted you to have a chance to clarify
10 that. So let me ask, to help clean that up.

11 FURTHER EXAMINATION BY MR. EHRMAN

12 MR. EHRMAN: Q. What was your understanding
13 as to when you first took on the role of plan
14 administrator with respect to the Verity Change In
15 Control Plan?

16 A. My best recollection is that I became aware of
17 that upon the receipt of the documents that outline the
18 plan from Cooley Godward in April of '05, as indicated
19 here.

20 Q. Okay. Thank you. Do you have any
21 recollection whether you ever forwarded any documents to
22 Mr. Kanter regarding Mr. Sluimer after receiving this
23 January 8th, 2006 e-mail?

24 A. I have no recollection.

25 MR. EHRMAN: I think that's it for us. Thank

JOHN (JACK) E. LANDERS, JR. June 23, 2008

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1 you very much.

2 MR. DOLL: I think we're done.

3 THE WITNESS: Thank you.

4 MR. EHRMAN: Done in record time. Thank you.

5 THE WITNESS: All right.

6 (Whereupon, the deposition was adjourned at
7 10:45 a.m.)

8 --oOo--

9 I declare under penalty of perjury the
10 foregoing is true and correct. Subscribed at
11 _____, California, this ____ day of
12 _____, 2008.

13 _____
14 John (Jack) E. Landers, Jr.
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25

1 CERTIFICATE OF REPORTER

2 I, ANA M. DUB, a Certified Shorthand Reporter,
3 hereby certify that the witness in the foregoing
4 deposition was by me duly sworn to tell the truth, the
5 whole truth, and nothing but the truth in the
6 within-entitled cause;

7 That said deposition was taken down in
8 shorthand by me, a disinterested person, at the time and
9 place therein stated, and that the testimony of the said
10 witness was thereafter reduced to typewriting, by
11 computer, under my direction and supervision;

12 That before completion of the deposition,
13 review of the transcript [X] was [] was not requested.
14 If requested, any changes made by the deponent (and
15 provided to the reporter) during the period allowed are
16 appended hereto.

17 I further certify that I am not of counsel or
18 attorney for either or any of the parties to the said
19 deposition, nor in any way interested in the event of
20 this cause, and that I am not related to any of the
21 parties thereto.

22 DATED: June 25, 2008.

23 _____
24 ANA M. DUB, RMR, CRR, CSR No. 7445
25

JOHN (JACK) E. LANDERS, JR. June 23, 2008

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June 25, 2008

Jack Landers, Vice President, Human Resources
Chordiant

20400 Stevens Creek Boulevard, Suite 400

Cupertino, CA 95014

Re: Sluimer v. Verity

Dear Mr. Landers:

Please be advised that the original transcript of your deposition taken June 23, 2008, in the above-entitled matter is available for reading and signing. The original transcript will be held at the offices of:

Merrill Legal Solutions
135 Main Street, Fourth Floor
San Francisco, CA 94105
(415) 357-4300

for thirty (30) days in accordance with Federal Rules of Civil Procedure Section 30(e). If you do not sign your deposition within 30 days, it may be used as fully as though signed.

If you are represented by counsel in this matter, you may wish to ask your attorney how to proceed. If you are not represented by counsel and wish to review your transcript, please contact our office for a mutually convenient appointment to review your deposition.

Thank you for your cooperation in this matter.

Sincerely yours,

Ana M. Dub, RMR, CRR, CSR No. 7445

cc: Original transcript

Keith A. Ehrman, Attorney at Law

William Reilly, Attorney at Law

Gregory L. Doll, Attorney at Law

Merrill Legal Solutions
(800) 869-9132

Merrill Legal Solutions
(800) 869-9132

AO88 (Rev. 12/07) Subpoena in a Civil Case

UNITED STATES DISTRICT COURT

Northern District of California

HUGO SLUIMER

SUBPOENA IN A CIVIL CASE

V.

VERITY, INC., a corporation, et al.

Case Number:¹ C 081220 SI

TO:

Jack Landers, c/o Chordiant Software, Inc.
20400 Stevens Creek Blvd, 4th Floor, Cupertino

- ☐ YOU ARE COMMANDED to appear in the United States District court at the place, date, and time specified below to testify in the above case.

PLACE OF TESTIMONY

COURTROOM

DATE AND TIME

- ☒ YOU ARE COMMANDED to appear at the place, date, and time specified below to testify at the taking of a deposition in the above case.

PLACE OF DEPOSITION

DATE AND TIME

McGuinn, Hillsman & Palefsky, 535 Pacific Avenue, San Francisco, CA 94133

June 23, 2008 at 10:00 a.m.

- ☐ YOU ARE COMMANDED to produce and permit inspection and copying of the following documents or objects at the place, date, and time specified below (list documents or objects):

PLACE

DATE AND TIME

- ☐ YOU ARE COMMANDED to permit inspection of the following premises at the date and time specified below.

PREMISES

DATE AND TIME

Any organization not a party to this suit that is subpoenaed for the taking of a deposition shall designate one or more officers, directors, or managing agents, or other persons who consent to testify on its behalf, and may set forth, for each person designated, the matters on which the person will testify. Federal Rule of Civil Procedure 30(b)(6).

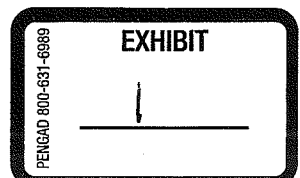
ISSUING OFFICER'S SIGNATURE AND TITLE (INDICATE IF ATTORNEY FOR PLAINTIFF OR DEFENDANT)

DATE

ISSUING OFFICER'S NAME, ADDRESS AND PHONE NUMBER

(See Federal Rule of Civil Procedure 45 (c), (d), and (e), on next page)

¹ If action is pending in district other than district of issuance, state district under case number.



PROOF OF SERVICE

DATE

PLACE

SERVED

SERVED ON (PRINT NAME)

MANNER OF SERVICE

SERVED BY (PRINT NAME)

TITLE

DECLARATION OF SERVER

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.

Executed on

DATE

SIGNATURE OF SERVER

ADDRESS OF SERVER

Federal Rule of Civil Procedure 45 (c), (d), and (e), as amended on December 1, 2007:

(c) Protecting a Person Subject to a Subpoena.

(1) Avoiding Undue Burden or Expense; Sanctions. A party or attorney responsible for issuing and serving a subpoena must take reasonable steps to avoid imposing undue burden or expense on a person subject to the subpoena. The issuing court must enforce this duty and impose an appropriate sanction — which may include lost earnings and reasonable attorney's fees — on a party or attorney who fails to comply.

(2) Command to Produce Materials or Permit Inspection.

(A) Appearance Not Required. A person commanded to produce documents, electronically stored information, or tangible things, or to permit the inspection of premises, need not appear in person at the place of production or inspection unless also commanded to appear for a deposition, hearing, or trial.

(B) Objections. A person commanded to produce documents or tangible things or to permit inspection may serve on the party or attorney designated in the subpoena a written objection to inspecting, copying, testing or sampling any or all of the materials or to inspecting the premises — or to producing electronically stored information in the form or forms requested. The objection must be served before the earlier of the time specified for compliance or 14 days after the subpoena is served. If an objection is made, the following rules apply:

(i) At any time, on notice to the commanded person, the serving party may move the issuing court for an order compelling production or inspection.

(ii) These acts may be required only as directed in the order, and the order must protect a person who is neither a party nor a party's officer from significant expense resulting from compliance.

(3) Quashing or Modifying a Subpoena.

(A) When Required. On timely motion, the issuing court must quash or modify a subpoena that:

(i) fails to allow a reasonable time to comply;

(ii) requires a person who is neither a party nor a party's officer to travel more than 100 miles from where that person resides, is employed, or regularly transacts business in person — except that, subject to Rule 45(c)(3)(B)(iii), the person may be commanded to attend a trial by traveling from any such place within the state where the trial is held;

(iii) requires disclosure of privileged or other protected matter, if no exception or waiver applies; or

(iv) subjects a person to undue burden.

(B) When Permitted. To protect a person subject to or affected by a subpoena, the issuing court may, on motion, quash or modify the subpoena if it requires:

(i) disclosing a trade secret or other confidential research, development, or commercial information;

(ii) disclosing an unretained expert's opinion or information that does not describe specific occurrences in dispute and results from the expert's study that was not requested by a party; or

(iii) a person who is neither a party nor a party's officer to incur substantial expense to travel more than 100 miles to attend trial

(C) Specifying Conditions as an Alternative. In the circumstances described in Rule 45(c)(3)(B), the court may, instead of quashing or modifying a subpoena, order appearance or production under specified conditions if the serving party:

(i) shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship; and

(ii) ensures that the subpoenaed person will be reasonably compensated.

(d) Duties in Responding to a Subpoena.

(1) Producing Documents or Electronically Stored Information. These procedures apply to producing documents or electronically stored information:

(A) Documents. A person responding to a subpoena to produce documents must produce them as they are kept in the ordinary course of business or must organize and label them to correspond to the categories in the demand.

(B) Form for Producing Electronically Stored Information Not Specified. If a subpoena does not specify a form for producing electronically stored information, the person responding must produce it in a form or forms in which it is ordinarily maintained or in a reasonably usable form or forms.

(C) Electronically Stored Information Produced in Only One Form. The person responding need not produce the same electronically stored information in more than one form.

(D) Inaccessible Electronically Stored Information. The person responding need not provide discovery of electronically stored information from sources that the person identifies as not reasonably accessible because of undue burden or cost. On motion to compel discovery or for a protective order, the person responding must show that the information is not reasonably accessible because of undue burden or cost. If that showing is made, the court may nonetheless order discovery from such sources if the requesting party shows good cause, considering the limitations of Rule 26(b)(2)(C). The court may specify conditions for the discovery.

(2) Claiming Privilege or Protection.

(A) Information Withheld. A person withholding subpoenaed information under a claim that it is privileged or subject to protection as trial-preparation material must:

(i) expressly make the claim; and

(ii) describe the nature of the withheld documents, communications, or tangible things in a manner that, without revealing information itself privileged or protected, will enable the parties to assess the claim.

(B) Information Produced. If information produced in response to a subpoena is subject to a claim of privilege or of protection as trial-preparation material, the person making the claim may notify any party that received the information of the claim and the basis for it. After being notified, a party must promptly return, sequester, or destroy the specified information and any copies it has; must not use or disclose the information until the claim is resolved; must take reasonable steps to retrieve the information if the party disclosed it before being notified; and may promptly present the information to the court under seal for a determination of the claim. The person who produced the information must preserve the information until the claim is resolved.

(e) CONTEMPT.

The issuing court may hold in contempt a person who, having been served, fails without adequate excuse to obey the subpoena. A nonparty's failure to obey must be excused if the subpoena purports to require the nonparty to attend or produce at a place outside the limits of Rule 45(c)(3)(A)(ii).



VERITY, INC.

CHANGE IN CONTROL AND SEVERANCE BENEFIT PLAN

SECTION 1. INTRODUCTION.

The Verity, Inc. Change in Control and Severance Benefit Plan (the "*Plan*") is hereby established effective April 6, 2005 (the "*Effective Date*"). The purpose of the Plan is to provide for the payment of severance benefits to certain eligible employees of Verity, Inc. and its wholly owned subsidiaries (the "*Company*") in the event that such employees are subject to qualifying employment terminations in connection with a Change in Control. This Plan shall supersede any severance benefit plan, policy or practice previously maintained by the Company, other than an individually negotiated contract or agreement with the Company relating to severance or change in control benefits that is in effect on an employee's termination date, in which case such employee's severance benefit, if any, shall be governed by the terms of such individually negotiated employment contract or agreement and shall be governed by this Plan only to the extent that the reduction pursuant to Section 7(b) below does not entirely eliminate benefits under this Plan. This document also is the Summary Plan Description for the Plan.

SECTION 2. DEFINITIONS.

For purposes of the Plan, the following terms are defined as follows:

(a) "*Base Salary*" means the Participant's annual base pay (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation), at the rate in effect during the last regularly scheduled payroll period immediately preceding the date of the Participant's Covered Termination.

(b) "*Board*" means the Board of Directors of Verity, Inc.

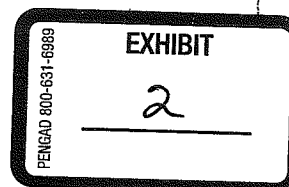
(c) "*Change in Control*" means one of the following events or a series of more than one of the following events that are related, wherein the stockholders of the Company immediately before the transaction do not retain immediately after the transaction, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately before the transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting stock of the Company, the resulting entity in a merger or, in the case of an asset sale, the corporation or corporations to which the assets of the Company were transferred (the "Transferee Corporation(s)"), as the case may be:

(i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company;

(ii) a merger or consolidation in which the Company is a party;

Verity, Inc. 894 Ross Drive Sunnyvale, CA 94089 t. 408.541.1500 f. 408.541.1600 www.verity.com

1.



HS-0001



- (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company; or
- (iv) a liquidation or dissolution of the Company.

For purposes of this Section 2(c), indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting stock of one or more corporations, which as a result of the transaction, own the Company, the resulting entity or the Transferee Corporation(s), as the case may be, either directly or through one or more subsidiary corporations. The Board shall have the right to determine whether multiple sales or exchanges of the voting stock of the Company or more than one of the following events are related, and its determination shall be final, binding and conclusive.

- (d) "Code" means the Internal Revenue Code of 1986, as amended.
- (e) "Company" means Verity, Inc. and its wholly owned subsidiaries or, following a Change in Control, the surviving entity resulting from such transaction.
- (f) "Constructive Termination" means a voluntary termination of employment by a Participant after one of the following is undertaken without the Participant's express written consent:

- (i) a substantial reduction in the Participant's duties or responsibilities (and not simply a change in title or reporting relationships) in effect immediately prior to the effective date of the Change in Control; *provided, however*, that it shall not be a "Constructive Termination" if, following the effective date of the Change in Control, either (a) the Company is retained as a separate legal entity or business unit and the Participant holds the same position in such legal entity or business unit as the Participant held before such effective date, or (b) the Participant holds a position with duties and responsibilities comparable (though not necessarily identical, in view of the relative sizes of the Company and the entity involved in the Change in Control) to the duties and responsibilities of the Participant prior to the effective date of the Change in Control;
- (ii) a reduction in the Participant's base salary (except for salary decreases generally applicable to the Company's other similarly situated employees);
- (iii) a change in the Participant's business location of more than 20 miles from the business location prior to such change, except for required travel for the Company's business to an extent substantially consistent with Participant's prior business travel obligations;
- (iv) a material breach by the Company of any provisions of the Plan or any enforceable written agreement between the Company and the Participant; or
- (v) any failure by the Company to obtain assumption of the Plan by any successor or assign of the Company.



Notwithstanding the foregoing, a voluntary termination shall not be deemed a Constructive Termination unless (x) the Participant provides the Company with written notice (the "Constructive Termination Notice") that the Participant believes that an event described in this Section 2(f) has occurred, (y) the Constructive Termination Notice is given within three (3) months of the date the event occurred, and (z) the Company does not rescind or cure the conduct giving rise to the event described in this Section 2(f) within fifteen (15) days of receipt by the Company of the Constructive Termination Notice.

(g) "Covered Termination" means an Involuntary Termination Without Cause or a Constructive Termination, either of which occurs within one (1) month prior to or within eighteen (18) months following the effective date of a Change in Control. Termination of employment of a Participant due to death or disability shall not constitute a Covered Termination unless a voluntary termination of employment by the Participant immediately prior to the Participant's death or disability would have qualified as a Constructive Termination.

(h) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(i) "Involuntary Termination Without Cause" means an involuntary termination of employment by the Company other than for one of the following reasons:

- (i) the Participant's violation of any material provision of the Company's standard agreement relating to proprietary rights;
- (ii) the Participant participates in any act of theft or dishonesty; or
- (iii) the Participant participates in any immoral or illegal act which has had or could reasonably be expected to have or had a detrimental effect on the business or reputation of the Company; or
- (iv) any material failure by the Participant to use reasonable efforts to perform reasonably requested tasks after written notice and a reasonable opportunity to comply with such notice.

(j) "Participant" means an individual who is employed by the Company as its Executive Chairman of the Board, Chief Executive Officer, as a senior vice president, or as a vice president (other than any individual who is a vice president on sales commission, as determined by the Company in its sole discretion); *provided, however*, that if the Board shall make an affirmative determination that an employee serving in any such capacity shall not be a Participant, then such employee shall not be deemed a Participant. The determination of whether an employee is a Participant shall be made by the Company, in its sole discretion, and such determination shall be binding and conclusive on all persons.

(k) "Participation Notice" means the latest notice delivered by the Company to a Participant informing the employee that the employee is a Participant in the Plan, substantially in the form of Exhibit A hereto.



(l) *"Plan Administrator"* means the Board or any committee duly authorized by the Board to administer the Plan. The Plan Administrator may, but is not required to be, the Compensation Committee of the Board. The Board may at any time administer the Plan, in whole or in part, notwithstanding that the Board has previously appointed a committee to act as the Plan Administrator.

SECTION 3. ELIGIBILITY FOR BENEFITS.

(a) **General Rules.** Subject to the provisions set forth in this Section and Section 7, in the event of a Covered Termination, the Company will provide the severance benefits described in Section 4 of the Plan to the affected Participant. Promptly upon an employee becoming a Participant, the Company shall deliver to the Participant a Participation Notice.

(b) **Exceptions to Benefit Entitlement.** An employee, including an employee who otherwise is a Participant, will not receive benefits under the Plan (or will receive reduced benefits under the Plan) in the following circumstances, as determined by the Company in its sole discretion:

(i) The employee has executed an individually negotiated employment contract or agreement with the Company relating to severance or change in control benefits that is in effect on his or her termination date, in which case such employee's severance benefit, if any, shall be governed by the terms of such individually negotiated employment contract or agreement and shall be governed by this Plan only to the extent that the reduction pursuant to Section 7(b) below does not entirely eliminate benefits under this Plan.

(ii) The employee voluntarily terminates employment with the Company in order to accept employment with another entity that is controlled (directly or indirectly) by the Company or is otherwise an affiliate of the Company.

(iii) The employee is offered immediate reemployment by a successor to the Company or by a purchaser of its assets, as the case may be, following a change in ownership of the Company or a sale of all or substantially all the assets of a division or business unit of the Company. For purposes of the foregoing, "immediate reemployment" means that the employee's employment with the successor to the Company or the purchaser of its assets, as the case may be, results in uninterrupted employment such that the employee does not suffer a lapse in pay as a result of the change in ownership of the Company or the sale of its assets.

(iv) The employee does not confirm in writing that he or she shall be subject to the Company's Confidentiality Agreement and Non-Compete Agreement.

(c) **Termination of Benefits.** A Participant's right to receive the payment of benefits under this Plan shall terminate immediately if, at any time prior to or during the period for which the Participant is receiving benefits hereunder, the Participant, without the prior written approval of the Company:



(i) willfully breaches a material provision of the Participant's proprietary information or confidentiality agreement with the Company, as referenced in Section 3(b)(iv);

(ii) owns, manages, operates, joins, controls or participates in the ownership, management, operation or control of, is employed by or connected in any manner with, any person, enterprise or entity which is engaged in any business competitive with that of the Company; *provided, however*, that such restriction will not apply to any passive investment representing an interest of less than two percent (2%) of an outstanding class of publicly-traded securities of any corporation or other entity or enterprise;

(iii) encourages or solicits any of the Company's then current employees to leave the Company's employ for any reason or interferes in any other manner with employment relationships at the time existing between the Company and its then current employees; or

(iv) induces any of the Company's then current clients, customers, suppliers, vendors, distributors, licensors, licensees or other third party to terminate their existing business relationship with the Company or interferes in any other manner with any existing business relationship between the Company and any then current client, customer, supplier, vendor, distributor, licensor, licensee or other third party.

SECTION 4. AMOUNT OF BENEFITS.

(a) **Cash Severance Benefits.** Each Participant who incurs a Covered Termination and was employed by the Company at the position or level set forth below within one (1) month immediately prior to such Covered Termination shall be entitled to receive a cash severance benefit equal to the number of months of Base Salary set forth below. Any cash severance benefits provided under this Section 4(a) shall be paid pursuant to the provisions of Section 5.

Position or Level	Amount of Cash Severance Benefit
Executive Chairman of the Board	24 months
Chief Executive Officer	24 months
Senior Vice President	18 months
Vice President (Except Vice Presidents on sales commissions)	12 months

(b) **Accelerated Stock Award Vesting and Extended Exercisability of Stock Options.** If a Participant incurs a Covered Termination, then effective as of the date of the Participant's Covered Termination, (i) the vesting and exercisability of all outstanding options to purchase the Company's common stock that are held by the Participant on such date shall be accelerated in full, and (ii) any reacquisition or repurchase rights held by the Company in respect



of common stock issued pursuant to any other stock award granted to the Participant by the Company shall lapse.

In addition, the post-termination of employment exercise period of any outstanding option held by the Participant on the date of his or her Covered Termination shall be extended, if necessary, such that the post-termination of employment exercise period shall not terminate prior to the later of (i) the date twelve (12) months after the effective date of the Covered Termination or (ii) the post-termination exercise period provided for in such option; *provided, however*, that such option shall not be exercisable after the expiration of its maximum term; *provided, further, however*, that in the event that any extended exercisability of an option pursuant to this Section 4(b) would adversely affect a Participant's option or other stock award (including, without limitation, its status as an incentive stock option under Section 422 of the Code or result in an arrangement for the purposes of Section 409A of the Code to be deemed to be such a nonqualified deferred compensation plan or arrangement), such extended exercisability shall be deemed null and void unless the affected Participant consents in writing to such extended exercisability within thirty (30) days after becoming a Participant in the Plan.

(c) **Continued Medical Benefits.** If a Participant incurs a Covered Termination and the Participant was enrolled in a health, dental, or vision plan sponsored by the Company immediately prior to such Covered Termination, the Participant may be eligible to continue coverage under such health, dental, or vision plan (or to convert to an individual policy), at the time of the Participant's termination of employment, under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). The Company will notify the Participant of any such right to continue such coverage at the time of termination pursuant to COBRA. No provision of this Plan will affect the continuation coverage rules under COBRA, except that the Company's payment, if any, of applicable insurance premiums will be credited as payment by the Participant for purposes of the Participant's payment required under COBRA. Therefore, the period during which a Participant may elect to continue the Company's health, dental, or vision plan coverage at his or her own expense under COBRA, the length of time during which COBRA coverage will be made available to the Participant, and all other rights and obligations of the Participant under COBRA (except the obligation to pay insurance premiums that the Company pays, if any) will be applied in the same manner that such rules would apply in the absence of this Plan.

If a Participant timely elects continued coverage under COBRA, the Company shall pay the full amount of the Participant's COBRA premiums on behalf of the Participant for the Participant's continued coverage under the Company's health, dental and vision plans, including coverage for the Participant's eligible dependents, during the number of months of Base Salary in respect of which the amount paid to the Participant under Section 4(a) was calculated (the "Severance Period"); *provided, however*, that if the Severance Period exceeds the length of time that the Participant is entitled to coverage under COBRA (including any additional period under analogous provisions of state law), the resulting or acquiring entity or Transferee Corporation involved in the Change in Control, as applicable, shall be required to provide health, dental and vision insurance coverage for the Participant and his or her eligible dependents for any portion of the Severance Period that exceeds the length of time that the Participant is entitled to coverage



under COBRA (including any additional period under analogous provisions of state law), at a level of coverage that is substantially similar to the continued coverage that the Participant and his or her eligible dependents received under the Company's health, dental and vision plans; *provided, further, however*, that no such premium payments (or any other payments for medical, dental or vision coverage by the Company) shall be made following the Participant's death or the effective date of the Participant's coverage by a medical, dental or vision insurance plan of a subsequent employer. Each Participant shall be required to notify the Company immediately if the Participant becomes covered by a medical, dental or vision insurance plan of a subsequent employer. Upon the conclusion of such period of insurance premium payments made by the Company, the Participant will be responsible for the entire payment of premiums required under COBRA for the duration of the COBRA period.

For purposes of this Section 4(c), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by the Participant under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of the Participant.

(d) **Other Employee Benefits.** All other benefits (such as life insurance, disability coverage, and 401(k) plan coverage) shall terminate as of the Participant's termination date (except to the extent that a conversion privilege may be available thereunder).

(e) **Additional Benefits.** Notwithstanding the foregoing, the Company may, in its sole discretion, provide benefits in addition to those pursuant to Sections 4(a), 4(b) and 4(c) to Participants or employees who are not Participants ("Non-Participants") chosen by the Company, in its sole discretion, and the provision of any such benefits to a Participant or a Non-Participant shall in no way obligate the Company to provide such benefits to any other Participant or to any other Non-Participant, even if similarly situated. If benefits under the Plan are provided to a Non-Participant, references in the Plan to "Participant" (with the exception of Sections 4(a), 4(b) and 4(c)) shall be deemed to refer to such Non-Participants.

SECTION 5. TIME AND FORM OF SEVERANCE PAYMENTS.

(a) **General Rules.** Subject to Section 5(b), any cash severance benefit provided under Section 4(a) shall be paid in installments pursuant to the Company's regularly scheduled payroll periods commencing as soon as practicable following the effective date of a Participant's Covered Termination and shall be subject to all applicable withholding for federal, state and local taxes. In the event of a Participant's death prior to receiving all installment payments of his or her cash severance benefit under Section 4(a), any remaining installment payments shall be made to the Participant's estate on the same payment schedule as would have occurred absent the Participant's death. In no event shall payment of any Plan benefit be made prior to the effective date of the Participant's Covered Termination or prior to the effective date of the release described in Section 7(a).

(b) **Application of Section 409A.** In the event that any cash severance benefit provided under Section 4(a) or continued medical benefit under Section 4(c) shall fail to satisfy



the distribution requirement of Section 409A(a)(2)(A) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, the payment of such benefit shall be accelerated to the minimum extent necessary so that the benefit is not subject to the provisions of Section 409A(a)(1) of the Code. (The payment schedule as revised after the application of the preceding sentence shall be referred to as the "*Revised Payment Schedule*.") In the event the payment of benefits pursuant to the Revised Payment Schedule would be subject to Section 409A(a)(1) of the Code, the payment of such benefits shall not be paid pursuant to the Revised Payment Schedule and instead the payment of such benefits shall be delayed to the minimum extent necessary so that such benefits are not subject to the provisions of Section 409A(a)(1) of the Code. The Board may attach conditions to or adjust the amounts paid pursuant to this Section 5(b) to preserve, as closely as possible, the economic consequences that would have applied in the absence of this Section 5(b); *provided, however*, that no such condition or adjustment shall result in the payments being subject to Section 409A(a)(1) of the Code.

SECTION 6. REEMPLOYMENT.

In the event of a Participant's reemployment by the Company during the period of time in respect of which severance benefits pursuant to Section 4(a) or 4(e) have been paid, the Company, in its sole and absolute discretion, may require such Participant to repay to the Company all or a portion of such severance benefits as a condition of reemployment.

SECTION 7. LIMITATIONS ON BENEFITS.

(a) **Release.** In order to be eligible to receive benefits under the Plan, a Participant also must execute a general waiver and release in substantially the form attached hereto as Exhibit B, Exhibit C or Exhibit D, as appropriate, and such release must become effective in accordance with its terms. For purposes of the preceding sentence, with respect to any outstanding option held by the Participant, the receipt of benefits shall be deemed to be the exercise of such option pursuant to the extended exercisability of such option under Section 4(b), rather than the acceleration or extension of such option's exercisability. The Company, in its sole discretion, may modify the form of the required release to comply with applicable law and shall determine the form of the required release, which may be incorporated into a termination agreement or other agreement with the Participant.

(b) **Certain Reductions.** The Company, in its sole discretion, shall have the authority to reduce a Participant's severance benefits, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to the Participant by the Company that become payable in connection with the Participant's termination of employment pursuant to (i) any applicable legal requirement, including, without limitation, the Worker Adjustment and Retraining Notification Act (the "WARN Act"); (ii) a written employment or severance agreement with the Company, or (iii) any Company policy or practice providing for the Participant to remain on the payroll for a limited period of time after being given notice of the termination of the Participant's employment. The benefits provided under this Plan are intended to satisfy, in whole or in part, any and all statutory obligations and other contractual obligations of the Company that may arise out of a Participant's termination of employment, and



the Plan Administrator shall so construe and implement the terms of the Plan. The Company's decision to apply such reductions to the severance benefits of one Participant and the amount of such reductions shall in no way obligate the Company to apply the same reductions in the same amounts to the severance benefits of any other Participant, even if similarly situated. In the Company's sole discretion, such reductions may be applied on a retroactive basis, with severance benefits previously paid being recharacterized as payments pursuant to the Company's statutory or other contractual obligations.

(c) **Mitigation.** Except as otherwise specifically provided herein, a Participant shall not be required to mitigate damages or the amount of any payment provided under this Plan by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Plan be reduced by any compensation earned by a Participant as a result of employment by another employer or any retirement benefits received by such Participant after the date of the Participant's termination of employment with the Company.

(d) **Non-Duplication of Benefits.** Except as otherwise specifically provided for herein, no Participant is eligible to receive benefits under this Plan or pursuant to other contractual obligations more than one time. This Plan is designed to provide certain severance pay and change in control benefits to Participants pursuant to the terms and conditions set forth in this Plan. The payments pursuant to this Plan are in addition to, and not in lieu of, any unpaid salary, bonuses or benefits to which a Participant may be entitled for the period ending with the Participant's Covered Termination.

(e) **Indebtedness of Participants.** If a Participant is indebted to the Company on the effective date of his or her Covered Termination, the Company reserves the right to offset any severance payments under the Plan by the amount of such indebtedness.

SECTION 8. RIGHT TO INTERPRET PLAN; AMENDMENT AND TERMINATION.

(a) **Exclusive Discretion.** The Plan Administrator shall have the exclusive discretion and authority to establish rules, forms, and procedures for the administration of the Plan and to construe and interpret the Plan and to decide any and all questions of fact, interpretation, definition, computation or administration arising in connection with the operation of the Plan, including, but not limited to, the eligibility to participate in the Plan and amount of benefits paid under the Plan. The rules, interpretations, computations and other actions of the Plan Administrator shall be binding and conclusive on all persons.

(b) **Amendment or Termination.** The Company reserves the right to amend or terminate this Plan or the benefits provided hereunder at any time; *provided, however*, that no such amendment or termination shall occur following (i) the date one (1) month prior to a Change in Control or (ii) a Covered Termination as to any Participant who would be adversely affected by such amendment or termination unless such Participant consents in writing to such amendment or termination. Any action amending or terminating the Plan shall be in writing and executed by a duly authorized officer of the Company. Unless otherwise required by law, no approval of the shareholders of the Company shall be required for any amendment or termination



including any amendment that increases the benefits provided under any option or other stock award.

SECTION 9. NO IMPLIED EMPLOYMENT CONTRACT.

The Plan shall not be deemed (i) to give any employee or other person any right to be retained in the employ of the Company or (ii) to interfere with the right of the Company to discharge any employee or other person at any time, with or without cause, which right is hereby reserved.

SECTION 10. LEGAL CONSTRUCTION.

This Plan shall be governed by and construed under the laws of the State of California (without regard to principles of conflict of laws), except to the extent preempted by ERISA.

SECTION 11. CLAIMS, INQUIRIES AND APPEALS.

(a) **Applications for Benefits and Inquiries.** Any application for benefits, inquiries about the Plan or inquiries about present or future rights under the Plan must be submitted to the Plan Administrator in writing by an applicant (or his or her authorized representative). The Plan Administrator is:

Verity, Inc.
Attn: Vice President, Human Resources
894 Ross Drive
Sunnyvale, CA 94089

(b) **Denial of Claims.** In the event that any application for benefits is denied in whole or in part, the Plan Administrator must provide the applicant with written or electronic notice of the denial of the application, and of the applicant's right to review the denial. Any electronic notice will comply with the regulations of the U.S. Department of Labor. The notice of denial will be set forth in a manner designed to be understood by the applicant and will include the following:

- (1) the specific reason or reasons for the denial;
- (2) references to the specific Plan provisions upon which the denial is based;
- (3) a description of any additional information or material that the Plan Administrator needs to complete the review and an explanation of why such information or material is necessary; and
- (4) an explanation of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the applicant's right to bring a civil action under Section 502(a) of



ERISA following a denial on review of the claim, as described in Section 11(d) below.

This notice of denial will be given to the applicant within ninety (90) days after the Plan Administrator receives the application, unless special circumstances require an extension of time, in which case, the Plan Administrator has up to an additional ninety (90) days for processing the application. If an extension of time for processing is required, written notice of the extension will be furnished to the applicant before the end of the initial ninety (90) day period.

This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render its decision on the application.

(c) **Request for a Review.** Any person (or that person's authorized representative) for whom an application for benefits is denied, in whole or in part, may appeal the denial by submitting a request for a review to the Plan Administrator within sixty (60) days after the application is denied. A request for a review shall be in writing and shall be addressed to:

Verity, Inc.
Attn: Vice President, Human Resources
894 Ross Drive
Sunnyvale, CA 94089

A request for review must set forth all of the grounds on which it is based, all facts in support of the request and any other matters that the applicant feels are pertinent. The applicant (or his or her representative) shall have the opportunity to submit (or the Plan Administrator may require the applicant to submit) written comments, documents, records, and other information relating to his or her claim. The applicant (or his or her representative) shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his or her claim. The review shall take into account all comments, documents, records and other information submitted by the applicant (or his or her representative) relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(d) **Decision on Review.** The Plan Administrator will act on each request for review within sixty (60) days after receipt of the request, unless special circumstances require an extension of time (not to exceed an additional sixty (60) days), for processing the request for a review. If an extension for review is required, written notice of the extension will be furnished to the applicant within the initial sixty (60) day period. This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render its decision on the review. The Plan Administrator will give prompt, written or electronic notice of its decision to the applicant. Any electronic notice will comply with the regulations of the U.S. Department of Labor. In the event that the Plan Administrator confirms the denial of the application for benefits in whole or in part, the notice will set forth, in a manner calculated to be understood by the applicant, the following:



- (1) the specific reason or reasons for the denial;
- (2) references to the specific Plan provisions upon which the denial is based;
- (3) a statement that the applicant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his or her claim; and
- (4) a statement of the applicant's right to bring a civil action under Section 502(a) of ERISA.

(e) **Rules and Procedures.** The Plan Administrator will establish rules and procedures, consistent with the Plan and with ERISA, as necessary and appropriate in carrying out its responsibilities in reviewing benefit claims. The Plan Administrator may require an applicant who wishes to submit additional information in connection with an appeal from the denial of benefits to do so at the applicant's own expense.

(f) **Exhaustion of Remedies.** No legal action for benefits under the Plan may be brought until the applicant (i) has submitted a written application for benefits in accordance with the procedures described by Section 11(a) above, (ii) has been notified by the Plan Administrator that the application is denied, (iii) has filed a written request for a review of the application in accordance with the appeal procedure described in Section 11(c) above, and (iv) has been notified that the Plan Administrator has denied the appeal. Notwithstanding the foregoing, if the Plan Administrator does not respond to an applicant's claim or appeal within the relevant time limits specified in this Section 11, the applicant may bring legal action for benefits under the Plan pursuant to Section 502(a) of ERISA.

SECTION 12. BASIS OF PAYMENTS TO AND FROM PLAN.

All benefits under the Plan shall be paid by the Company. The Plan shall be unfunded, and benefits hereunder shall be paid only from the general assets of the Company.

SECTION 13. OTHER PLAN INFORMATION.

(a) **Employer and Plan Identification Numbers.** The Employer Identification Number assigned to the Company (which is the "Plan Sponsor" as that term is used in ERISA) by the Internal Revenue Service is 77-0182779. The Plan Number assigned to the Plan by the Plan Sponsor pursuant to the instructions of the Internal Revenue Service is 520.

(b) **Ending Date for Plan's Fiscal Year.** The date of the end of the fiscal year for the purpose of maintaining the Plan's records is May 31.



(c) Agent for the Service of Legal Process. The agent for the service of legal process with respect to the Plan is:

Verity, Inc.
Attn: Vice President, Human Resources
894 Ross Drive
Sunnyvale, CA 94089

(d) Plan Sponsor and Administrator. The "Plan Sponsor" and the "Plan Administrator" of the Plan is:

Verity, Inc.
Attn: Vice President, Human Resources
894 Ross Drive
Sunnyvale, CA 94089

The Plan Sponsor's and Plan Administrator's telephone number is (408) 541-1500. The Plan Administrator is the named fiduciary charged with the responsibility for administering the Plan.

SECTION 14. STATEMENT OF ERISA RIGHTS.

Participants in this Plan (which is a welfare benefit plan sponsored by Verity, Inc.) are entitled to certain rights and protections under ERISA. If you are a Participant, you are considered a participant in the Plan for the purposes of this Section 14 and, under ERISA, you are entitled to:

Receive Information About Your Plan and Benefits

(a) Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series), if applicable, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;

(b) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series), if applicable, and an updated (as necessary) Summary Plan Description. The Administrator may make a reasonable charge for the copies; and

(c) Receive a summary of the Plan's annual financial report, if applicable. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions By Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who op-



Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a Plan benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan, if applicable, and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court.

If you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

SECTION 15. GENERAL PROVISIONS.

(a) **Notices.** Any notice, demand or request required or permitted to be given by either the Company or a Participant pursuant to the terms of this Plan shall be in writing and shall be deemed given when delivered personally or deposited in the U.S. mail, First Class with postage prepaid, and addressed to the parties, in the case of the Company, at the address set forth in Section 11(a) and, in the case of a Participant, at the address as set forth in the Company's



employment file maintained for the Participant as previously furnished by the Participant or such other address as a party may request by notifying the other in writing.

(b) **Transfer and Assignment.** The rights and obligations of a Participant under this Plan may not be transferred or assigned without the prior written consent of the Company. This Plan shall be binding upon any surviving entity resulting from a Change in Control and upon any other person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company without regard to whether or not such person or entity actively assumes the obligations hereunder.

(c) **Waiver.** Any Party's failure to enforce any provision or provisions of this Plan shall not in any way be construed as a waiver of any such provision or provisions, nor prevent any Party from thereafter enforcing each and every other provision of this Plan. The rights granted the Parties herein are cumulative and shall not constitute a waiver of any Party's right to assert all other legal remedies available to it under the circumstances.

(d) **Severability.** Should any provision of this Plan be declared or determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

(e) **Section Headings.** Section headings in this Plan are included for convenience of reference only and shall not be considered part of this Plan for any other purpose.

SECTION 16. EXECUTION.

To record the adoption of the Plan as set forth herein, Verity, Inc. has caused its duly authorized officer to execute the same as of the Effective Date.

VERITY, INC.

ssprings

By:

Steven Springsteel

Digitally signed by ssprings
DN: cn = ssprings, c = US, e = Sunnyvale
HQ, o = California, o = Verity, Inc., ou = HR
Reason: I am approving this document
Date: 2008.06.19 16:37:55 -0700

Title: SVP Finance / Administration & CFO

VERITY, INC.

CHANGE IN CONTROL AND SEVERANCE BENEFIT PLAN

PARTICIPATION NOTICE

To: Hugo Steiner

Date: May 2, 2005

Verity, Inc. (the "Company") has adopted the Verity, Inc. Change in Control and Severance Benefit Plan (the "Plan"). The Company is providing you with this Participation Notice to inform you that, given your position at the Company, you qualify as a participant in the Plan. A copy of the Plan document, which also constitutes a summary plan description, is attached to this Participation Notice. The terms and conditions of your participation in the Plan are as set forth in the Plan, and in the event of any conflict between this Participation Notice and the Plan, the terms of the Plan shall prevail except with respect to the cash severance, which you have declined as set forth below. Subject to the provisions of the Plan, the details of your Plan benefits, as described in Section 4 of the Plan (except with respect to the cash severance, which you have declined), are as follows:

Cash Severance Benefit: You have declined to accept any cash severance benefit under the Plan. Consequently, you will be entitled to no cash severance benefit under the terms of the Plan, and any cash benefit to which you shall be entitled shall be determined under Dutch law without reference to the Plan.

Accelerated Vesting of Options: Full.

Extended Exercisability of Options: Later of 12 months or the post-termination exercise period of the option; provided, however, that such extended exercisability shall not extend beyond the term of the option.

Continued medical benefits: 18 months, or such earlier date as you shall secure subsequent employment that shall provide you with similar medical benefits.

Please retain a copy of this Participation Notice, along with the Plan document, for your records.

VERITY, INC.

ssprings

By: _____

/s/ _____

Digitally signed by ssprings
DN: cn = ssprings, o = Verity, Inc.,
email = ssprings@verity.com, c = US
Verity, Inc., 01011001
Reason: I am approving this document
Date: 2005.05.02 15:42:28 -0700

SSP:SSP-155P

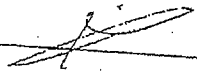
HS-0015

ACKNOWLEDGEMENT

The undersigned Participant hereby acknowledges receipt of the foregoing Participation Notice. In the event the undersigned holds outstanding stock options as of the date of this Participation Notice, the undersigned hereby:

☒ accepts
☐ rejects

the extended exercisability provisions for such stock options set forth above.* The undersigned acknowledges that the undersigned has been advised to obtain tax and financial advice regarding the consequences of this election including the effect, if any, on the status of the stock options for tax purposes under Sections 409A and 422 of the Internal Revenue Code.



HUGO SLUITER
Print name

* Please check one box; failure to check a box will be deemed a rejection of the extended exercisability provisions as they relate to such stock options.

Autonomy

VIA REGISTERED DELIVERY

29 September 2006

Hugo Sluimer
Le Millefiori
Apartment 27F
1, rue des Genets
MC 98000 Monaco

RESENDING TO:

ROSE DE FRANCE BLOC C APT 2-3
17 BOULEVARD DE SUISSE
MC 98000 MONACO

Re: Letter dated 13 July 2006

Dear Mr Sluimer:

I write on behalf of Verity, Inc. with regards to your letter dated 13 July 2006. Your letter was addressed to the Vice President, Human Resources of Verity, Inc. That position reported to my office, which has global responsibility for group human resources matters. Jack Landers, the previous Vice President, Human Resources of Verity, Inc., has recently left the company, and as such I have assumed his duties as the Plan Administrator within the meaning of the Change in Control and Severance Benefit Plan (the "Plan"), the topic of your letter.

Your letter dated is a request for review under Section 11(c) of the Plan, and was received by Verity on 1 August 2006. This letter is a notification of decision on review under Section 11(d) of the Plan. Pursuant to Section 11(d), this decision is being provided within 60 days of receipt of your request.

I regret to inform you that upon re-review Verity has confirmed the denial of the application for benefits in whole. The specific reasons follow.

We draw your attention again to Section 3(b)(iii) of the Plan, which provides that an employee offered immediate reemployment is an express exception to the receipt of severance benefits under the Plan. You were offered but rejected such employment, instead seeking to voluntarily terminate your contract. Your employment with the company prior to your voluntary termination was in fact continuous, with uninterrupted payment of salary, commission and other benefits such as stock option vesting. Your statement that you were paid "half payment" is simply untrue as your salary remained the same, benefits were uninterrupted and your commission plan was calculated exactly the same as prior to the acquisition (indeed for most of the time by the same finance personnel using exactly the same systems as pre-acquisition).

Further, you did not suffer a "Constructive Termination" within the meaning of Section 2(f)(i) of the Plan. As you are aware, it is the company's position that you did not suffer a substantial reduction in your duties or responsibilities in effect immediately prior to the effective date of the Change in Control. It remains the company's conclusion that rather than suffer a "Constructive Termination" you sought to avoid your employment duties whilst engaging with the company solely to establish a position for compensation in the Dutch courts. In contrast, the company actively pursued your continued employment by finding an

EXHIBIT

3

PENGAD 800-631-6989

Autonomy

alternative position within the group with the same terms, analogous compensation and growth potential. In contrast, in the post-acquisition period after redundancy review you barely performed your role.

You reference the 7 July 2006 decision of the Cantonal Court in the Netherlands as evidence supporting your position. Section 10 of the Plan clearly states that the Plan is governed by the laws of the State of California. There are of course very substantial differences between Dutch and California employment law, such as the applicable rules and regulations, factors considered by the Cantonal Court and standards of evidence. Thus whilst the Cantonal Court decision has been considered in reaching this decision, it is neither binding on the Company for purposes of the Plan, nor persuasive in reaching this decision. It should also be noted that at the Cantonal Court hearing your position was clear that the substance of your petition did not address the Plan.

Your request is also denied as a result of your failure to comply with the last clause of Section 2(f) of the Plan which states the precedent actions required to claim Constructive Termination under Section 2(f). You have not provided the Company with the required written notice, either in substance or in accordance with the notice procedures under Section 15(a).

Ref to 15/7 procedure p

With regards to Section 3(b)(iv), the Plan is clear that it is within the Company's discretion to deny benefits should you not confirm in writing that you are subject to the Company's Confidentiality Agreement and Non-Compete Agreement. You have not provided any such confirmation. The Proprietary Rights Agreement you reference (in fact the "Employee Inventions and Proprietary Rights Assignment Agreement", dated 9 June 1993) is not equivalent to a confidentiality and non-compete agreement. The Proprietary Rights Agreement is a standard document that governs the rights between the company and its employees with respect to intellectual property generated before and during their employment.¹ A confidentiality agreement protects a much wider scope of key commercial information, and a non-competition agreement of course relates to post-employment competitive obligations. Acknowledgement in writing of these obligations is basic consideration for the receipt of benefits under the Plan, and is integral to the purpose and spirit of the Plan.

Finally, Section 7 provides that in order to be eligible for benefits under the Plan, the employee must execute a waiver and release generally releasing the Company from any and all claims and liabilities, which you have not agreed to.

I will not

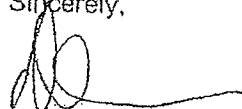
¹ Your employment file does not contain the full text of the agreement, but only the first and last pages, however other agreements entered into at a similar time reflect this position.

Autonomy

This notice is provided under Section 11(b) of the Plan within the time periods allotted therein. Under Section 11(b)(3) of the Plan, you are hereby notified that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your claim. Under Section 11(b)(4) of the Plan, you are hereby notified that you have a right to bring a civil action under Section 502(a) of ERISA.

Please address any future correspondence to my attention at the letter on this address.

Sincerely,



Andrew M Kanter
Chief Operating Officer – Autonomy Group of Companies

Prod 35P

From: Andrew Kanter [andrewk@autonomy.com]
Sent: 19 May 2006 14:02
To: 'Rachel Haverfield'
Subject: FW: Europe RIF

From: Andrew Kanter [mailto:andrewk@autonomy.com]
Sent: 08 January 2006 10:43
To: 'Jack Landers'
Subject: FW: Europe RIF

Jack,

I sent the message below to Anthony on Friday. Can I ask of you as well that any communication you get from Hugo be forwarded to me. It's easier to get this process wrong than right and we're committed to the proper process.

Best regards,

--Andy

From: Andrew Kanter [mailto:andrewk@autonomy.com]
Sent: 06 January 2006 18:35
To: 'Anthony Bettencourt'
Subject: Europe RIF

Dear Anthony,

It appears we're at the end of the difficult stage of the transition and on to the much more interesting bits. I'm sure you find this as much a relief as I do.

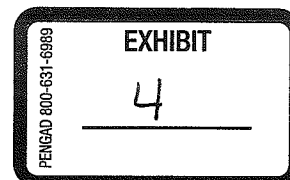
As I'm sure you're aware, the process in Europe takes much longer so we'll continue to work through the procedures over the next few weeks. One matter that may come to your attention is any final determination on Hugo. We have to follow the formal process required by law, and I've sent him the requisite letter and spoken with him. Unfortunately I fear that Hugo may already be positioning against the company as he's sent me an email which is simply not true.

In any event I urge to pass back to me any communications or matters that may come up with Hugo. The legal's are complicated enough so that it's easy to let a small mistake become fatal. We are committed to running a fair, open and honest procedure with Hugo but need to keep the channel formalized.

Wishing you the best and looking forward to seeing you next week.

Best regards,

--Andy



Verity, Inc
Attn. Vice President Human Resources
894 Ross Drive
Sunnyvale CA 94089
California, USA

Date: May 1st, 2006

Dear mr. Jack Landers,

Being a participant in Verity's Change in Control and Severance Benefits Plan (the Plan), I draw your attention to the following.

In my opinion the acquisition of Verity by Autonomy results in a Change in Control according to the Plan. This leads to the conclusion, that, according to the applicable Participation Notice, I am entitled to not only cash severance benefits, but also to accelerated vesting of options and continued medical benefits.

Can you confirm to me that I am entitled to the accelerated vesting of options and continued medical benefits?

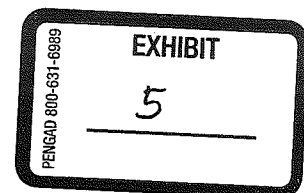
If you need more information, please do not hesitate to call me.

Kind regards,



Hugo Sluimer

Apt. Le Millefiori, 27F
1, rue des Genets
MC 98000 Monte Carlo
MONACO



HS-0057

Autonomy

VIA EMAIL AND REGISTERED DELIVERY

3 May 2006

Hugo Sluimer
Le Millefiori
Apartment 27F
1, rue des Genêts
MC 98000 MONACO

Re: Fax dated 1 May 2006 to Mr Jack Landers

Dear Hugo:

I write on behalf of Verity, Inc. I refer to the fax dated 1 May 2006 which was addressed to Mr. Jack Landers. Mr. Landers has forwarded this document to me as you are currently in a legal dispute with Verity, Inc. regarding your employment and thus I am responsible for all communications.

On the basis of the terms of the Change in Control and Severance Benefit Plan (the "Plan"), we do not consider you to be entitled to the accelerated vesting of options and continued medical benefits. Firstly, in Section 3(b)(iii), an employee offered immediate reemployment is an express exception to severance benefits described in the Plan Entitlement Section 3(b)(iv). In any event your employment has been continuous, with continued payment of salary, commission and other benefits such as stock option vesting. Secondly, section 3(b)(iv) provides that an employee will not receive benefits under the Plan if the employee does not confirm in writing that he or she shall be subject to the Company's Confidentiality Agreement and Non Compete Agreement, which we have not received. Thirdly, Section 7 further provides that in order to be eligible for benefits under the Plan, the employee must execute a waiver and release generally releasing the Company from any and all claims and liabilities. In view of the pending litigation between yourself and the Company, obviously this criterion has not been fulfilled thereby making you ineligible for the stated benefits.

I reiterate my request of 27 April 2006 that as this is now a legal matter, any matters relating to employment process and continued employment must be directed to me, or to our attorneys, Mr. J. de Roos and Mr. M. Ritmeester (P.O. Box 7113, 1007 JC Amsterdam, The Netherlands). Any contact with other employees within Autonomy relating to your employment will not be accepted.

Sincerely,



Andrew M Kanter
Company Secretary



Page 1

Autonomy Systems Limited, Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ, U.K.
Phone: +44 (0) 1223 448 000, Fax: +44 (0) 1223 448 001, Email: autonomy@autonomy.com

HS-0058

Autonomy

VIA REGISTERED DELIVERY

6 July 2006

Hugo Sluimer
Le Milleflori
Apartment 27F
1, rue des Genets
MC 98000 Monaco

Re: Fax dated 1 May 2006 to Mr Jack Landers / VP HR

Dear Mr Sluimer:

I write on behalf of Verity, Inc. and further to my letter dated 3 May 2006.

Your letter dated 1 May 2006 seeks additional information related to the terms of the Change in Control and Severance Benefit Plan (the "Plan") ("can you confirm to me...?") As such it does not constitute an application within the meaning of the Plan.

Notwithstanding the foregoing, to the extent that your letter is deemed to be an application for benefits, we hereby notify pursuant to Section 11(b)(1) and (2) of the Plan you that your application is denied in whole. Firstly, in Section 3(b)(iii), an employee offered immediate reemployment is an express exception to the receipt of severance benefits under. You have been offered such employment, and your employment has been continuous with payment of salary, commission and other benefits such as stock option vesting. You have not suffered a "Constructive Termination" within the meaning of Section 2(f) the Plan. Also section 3(b)(iv) provides that an employee will not receive benefits under the Plan if the employee does not confirm in writing that he or she shall be subject to the Company's Confidentiality Agreement and Non Compete Agreement. Finally, Section 7 provides that in order to be eligible for benefits under the Plan, the employee must execute a waiver and release generally releasing the Company from any and all claims and liabilities.

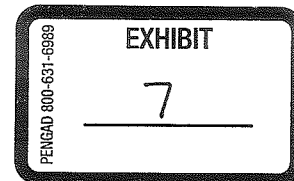
This notice is provided under Section 11(b) of the Plan within the time periods allotted therein. Under Section 11(b)(4) of the Plan, you are hereby notified that you are permitted to request a review of this notice. You may do so by submitting a request for a review directly to me within sixty (60) days of the date of this letter. Your request must be submitted in writing and shall be addressed to:

Verity, Inc.
Attn: Vice President, Human Resources
894 Ross Drive
Sunnyvale, CA 94089
USA

A request for review must set forth all of the grounds on which it is based, all facts in support of the request and any other matters that you feel are pertinent. You (or your representative)

Page 1

Autonomy Systems Limited, Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ, U.K.
Phone: +44 (0) 1223 448 000, Fax: +44 (0) 1223 448 001, Email: autonomy@autonomy.com

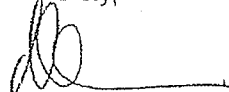


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Autonomy

shall have the opportunity to submit (or the Plan Administrator may require you to submit) written comments, documents, records, and other information relating to your claim. You (or your representative) shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your claim. The review shall take into account all comments, documents, records and other information submitted by you (or your representative) relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Plan Administrator will act on each request for review within sixty (60) days after receipt of the request, as set forth in the Plan. You have a right to bring a civil action under Section 502(a) of ERISA following a denial on review of any claim.

Sincerely,



Andrew M Kanter
Company Secretary

VIA EMAIL AND REGISTERED DELIVERY

13 July 2006

Verity, Inc.
Attn, Vice President, Human Resources
894 Ross Drive
Sunnyvale CA 94089
California, USA

Re: Request for review

Dear Mrs/Mr,

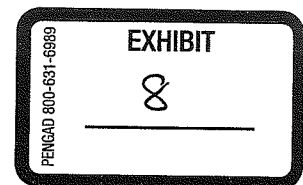
With reference to your letters dated 3 May 2006 and 6 July 2006, I hereby confirm that my letter dated 1 May 2006 was mend to be an application for benefits under the Change in Control and Severance Benefit Plan (the "Plan"), so in case this was not clear to you, I hereby repeat my application for benefits under the Plan.

In accordance to section 11 (c) of the Plan, I hereby request review, based on the following grounds:

1. as you are aware, the Cantonal Court in The Netherlands ruled on 7 July 2006 that the offered position by Verity/Autonomy (Sr. VP Neurodynamics), is not comparable with the prior position the Participant hold at Verity, Inc. Therefore I claim, per section 2 (f) "Constructive Termination" (i) due to a substantial reduction in the Participant's duties and responsibilities.
2. I disagree with your opinion that I was offered immediate reemployment, per section 3 (b) (iii) of the Plan. I was given half payment during a 3 months period (3 months in the software industry are comparable with at least 1 year in a traditional industry), so the offered reemployment was by far not immediate. I also believe that Verity/Autonomy's call for section 3 (b) (iii) under the Plan is not relevant, simply because a comparable position was never offered, so "Constructive Termination" applies.
3. I also disagree with Verity/Autonomy's other arguments (referring to 3 (b) (iv) and section 7), to not consider me entitled to the benefits under the Plan, because I signed a "Proprietary Rights" Agreement when I joined Verity, Inc. (this agreement is comparable with Autonomy's "Confidentiality Agreement"). What's even more important is that such arguments have nothing to do with the core/spirit of the Plan. It is common business practice (as performed by Verity/Autonomy in other settlements under the Plan with former Verity Executives) that such 'sub-agreements' are part of a final 'Separation Agreement' between Verity/Autonomy and the Participant.

Sincerely,

Hugo Sluimer



HS-0061